Government of
Saskatchewan

Annual Report
2006-2007

Saskatchewan
Agriculture
and Food

Individual Cattle Feeder
Loan Guarantee
Provincial Assurance Fund

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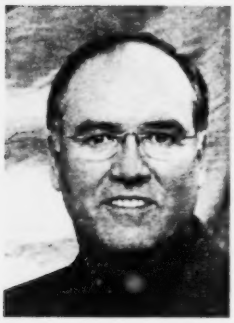
This annual report is also available in electronic format from the department's website at **www.agr.gov.sk.ca**.

Letter of Transmittal



His Honour the Honourable Dr. Gordon L. Barnhart
Lieutenant Governor of Saskatchewan

May it Please Your Honour:

I respectfully submit the Annual Report of the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund for the fiscal year ending March 31, 2007.

Mark Wartman
Minister of Agriculture and Food

Introduction

This is the first Annual Report of the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund. The Provincial Assurance Fund (PAF) was established under the Individual Cattle Feeder Loan Guarantee Regulations, which provides producers with a financing option for the purchase of feeder cattle, up to a maximum loan of $3,000,000.

Each producer borrows money on the strength of their business and with support from their individual assurance fund, a provincial assurance fund, and a government guarantee to the lender. The producer uses the funds to purchase feeder heifers and steers to be fed and cared for at his / her feedlot facility.

Each producer is required to deposit 0.5 per cent of the value of their loans taken out into the provincial assurance fund. This deposit is currently non-refundable and non-reusable. The provincial assurance fund is then available for lenders to make a claim to offset any shortfalls that may occur after all the livestock have been sold and the producer's assurance fund has been applied.

All producers approved under the PAF must purchase a membership in The Provincial Feeder Co-operative Ltd., which provides centralized administrative services to producers participating in the PAF. The Provincial Feeder Co-operative Ltd. elects a board of directors who are responsible for the financial management of the cooperative.

Management Report

A total of $500,000 in loans was approved under the Individual Cattle Feeder Loan Guarantee Regulations in 2006-2007. Producer advances totalled $295,600, resulting in deposits of $1,478 into the Provincial Assurance Fund.

The Provincial Assurance Fund deposits are held in the general revenue fund and may be invested in any security or class of securities authorized for investment pursuant to The Financial Administration Act, 1993.

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE PROVINCIAL ASSURANCE FUND

FINANCIAL STATEMENTS

March 31, 2007

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund as at March 31, 2007 and the statement of revenues, expenses and net financial assets for the period from November 20, 2006 to March 31, 2007. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund as at March 31, 2007 and the results of its operations and its cash flows for the period from November 20, 2006 to March 31, 2007 in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 8, 2007

Fred Wendel, CMA, CA
Provincial Auditor

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE PROVINCIAL ASSURANCE FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	2007
Financial Assets:	
Due from General Revenue Fund (Note 3)	$ 1,478
Accrued interest receivable	14
	1,492
Liabilities:	---
Net financial assets (Statement 2)	$ 1,492

(See accompanying notes to the financial statements)

Statement 2

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE PROVINCIAL ASSURANCE FUND
STATEMENT OF REVENUES, EXPENSES AND NET FINANCIAL ASSETS
From the commencement of operations November 20, 2006 to March 31, 2007

	2007
Revenues	
Participant fees	$ 1,478
Interest revenue	14
Total revenues	1,492
Expenses	---
Surplus for the year	1,492
Net financial assets, beginning of period	---
Net financial assets, end of year—to Statement 1	$ 1,492

(See accompanying notes to the financial statements)

INDIVIDUAL CATTLE FEEDER LOAN GUARANTEE PROVINCIAL ASSURANCE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2007

1. Authority and Definition

The Individual Cattle Feeder Loan Guarantee Provincial Assurance Fund (Fund) was established effective October 3, 2003 pursuant to Section 13(1) of *The Individual Cattle Feeder Loan Guarantee Regulations* under *The Farm Financial Stability Act*. The Fund commenced operations on November 20, 2006. The purpose of the Fund is to share the risk of Individual Cattle Feeder Loan Guarantees by collecting fees from producers who access the program and to use the revenue to offset loan guarantee payouts. Each time a producer receives an advance pursuant to a guaranteed loan, the producer deposits a non-refundable amount equal to 0.5% of that advance in the Fund.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. The following accounting policies are considered significant:

a) Revenues:

Participant fees are recognized as revenue when an Individual Cattle Feeder Loan is guaranteed by the Minister of Finance and funds have been advanced to a producer pursuant to the guaranteed loan.

Interest income is recognized as revenue when earned.

3. Due From General Revenue Fund

The Fund's money is held in the General Revenue Fund. Interest is calculated and paid by the General Revenue Fund on a quarterly basis using the Government's thirty-day borrowing rate and the Fund's daily balance. The Government's average thirty-day borrowing rate for 2007 was 4.15%.

4. Net Financial Assets

The net assets represent fees received from participants in the program and are available to offset the cost of any loan guarantee payouts made under Section 63.3 of *The Farm Financial Stability Act*.

5. Statement of Cash Flows

A cash flow statement has not been provided as the cash flow information is readily apparent from the other financial statements.

6. Related Party Transactions

All Government of Saskatchewan agencies such as departments, corporations, boards and commissions are related to the Fund since they are all controlled by the Government. These financial statements include transactions with other Government agencies.

The Fund earned interest income of $14 during 2006-07 on monies deposited in the General Revenue Fund. At year end, the Fund had monies deposited in the General Revenue Fund totalling $1,478.

The Fund has not been charged with any administrative costs and no provision for such costs is reflected in these statements. These costs are borne by the Department of Agriculture and Food.